

Message Text

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APPROVED BY LA/DP:LHARRISON

LA/DP:KMILOW (DRAFT)

LA/DP:MBROWN (DRAFT)

LA/BC/B:RNICHOLSON

LA/DR:AMACDONALD (SUBS)

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TO AMEMBASSY SANTIAGO IMMEDIATE

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E.O. 11652: N/A

TAGS: EAID

SUBJECT:ROUND TWO: CONGRESSIONAL PRESENTATION - FYS 75, 76,
AND 5TH QUARTER BUDGET CONTROL NUMBERS FOR CHILE.

1. THE RECENT APPROPRIATIONS BILL APPRECIABLY REDUCED THE AMOUNTS AVAILABLE IN FY 75 UNDER EACH OF THE FUNCTIONAL CATEGORIES. CONSEQUENTLY, THE LEVELS PREVIOUSLY ESTABLISHED FOR FY 75 REQUIRE ADJUSTMENT BEFORE THE C.P. CAN BE FINALIZED. THESE AMOUNTS WILL ALSO BE USED FOR THE OYB. THE FY 75 LOAN AND GRANT REDUCTIONS RESULT IN DEFERRAL OF SOME LOANS AND NEW GRANT PROJECTS FROM FY 75 TO FY 76, WHICH IN TURN INCREASES THE NUMBER OF LOANS CARRIED ON THE FY 76 SHELF.

2. THE OVERALL LEVELS ESTABLISHED FOR THE L.A. BUREAU FOR FY 76 AND THE 5TH QUARTER REMAIN UNCHANGED. ANY ADJUSTMENTS MADE TO MISSION LEVELS ARE BASED ON THE EFFECT OF FY 75 REDUCTIONS.

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3. THE PURPOSE OF THIS MESSAGE IS TO PERMIT MISSIONS TO

REVIEW PROPOSED LOAN AND GRANT PROJECT LEVELS AND REQUEST
ADJUSTMENTS WITHIN THE CONSTRAINTS DESCRIBED BELOW. CONFIRM-
ATION AND/OR CHANGES IN THE PROJECT CONTROL NUMBERS ARE

REQUESTED NO LATER THAN OPENING OF BUSINESS, MONDAY, APRIL
7. IN REPORTING ANY CHANGE, PLEASE USE THE SAME TABLE
FORMAT AS SET FORTH IN THIS CABLE. IN ADDITION TO THE
FY 76 BUDGET REQUEST, LOANS WILL BE INCLUDED IN THE C.P.
AS QUOTE SHELF UNQUOTE LOANS. INCLUSION OF A SHELF
LOAN WILL NOT SATISFY THE PROJECT NOTIFICATION REQUIREMENT;
HOWEVER, THE EXISTENCE OF THE SHELF WILL STRENGTHEN THE
CASE FOR THE BUDGET REQUEST AND SHOULD EASE THE WAY FOR A
PROJECT NOTIFICATION, IF THE LOAN IS SUBSEQUENTLY INCLUDED
IN THE FY 76 OR 5TH QUARTER PROGRAMS. LOANS WHICH ARE
INCLUDED IN THE SHELF LIST WILL BE DEVELOPED TO THE POINT
OF AUTHORIZATION. THE TOTAL AMOUNT OF LOANS ON THE SHELF
IS SUBSTANTIAL, ABOUT DOLS 60 MILLION; MANY OF THESE
PROJECTS, AS WELL AS THOSE WITHI THE BUDGET, MAY HAVE TO
BE DEFERRED UNTIL FY 77 EVEN THOUGH THEY MIGHT BE READY
FOR APPROVAL IN FY 76. CONSIDERING THE INVESTMENT OF
EFFORT BY A.I.D. AND HOST COUNTRIES TO DEVELOP PROJECTS AND
CONSTRAINTS ON MANPOWER, YOU MAY WISH TO REMOVE SHELF PRO-
JECTS OR PERHAPS PROJECTS WITHIN THE BUDGET, FROM CONSID-
ERATION FOR THE TIME BEING SO THAT WE MAY CONCENTRATE MORE
EFFORT ON HIGHER PRIORITY ACTIVITIES. PLEASE INDICATE
PROJECTS YOU WANT REMOVED FROM THE FY 76 LIST.

4. GRANT FUNDS: THE FOLLOWING GENERAL GUIDELINES WERE
USED IN REDUCING THE FY 75 GRANT LEVELS.

(A) UNOBLIGATED AMOUNTS FOR ONGOING PROJECTS WERE RE-
DUCED BY APPROXIMATELY 25 PER CENT.

(B) FORWARD FUNDING OF UNOBLIGATED CONTRACTS AS REDUCED
TO SIX MONTHS.

(C) APPROXIMATELY HALF OF THE NEW UNOBLIGATED PROJECTS
WERE DEFERRED UNTIL FY 76.

(D) AMOUNTS ESTIMATED FOR SPECIAL DEVELOPMENT ACTIVITIES
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WERE REDUCED TO AN AMOUNT APPROXIMATING CURRENT OB-
LIGATION LEVELS.

(E) OPGS WERE INCLUDED FOR THE AMOUNTS REQUESTED.

(F) OTHER ADJUSTMENTS WERE MADE ACCORDING TO OVERALL
FUND AVAILABILITY.

(G) NEW PROJECTS FOR WHICH PROP'S WOULD NOT BE APPROVED BY AID/W BEFORE APRIL 15, IN ACCORDANCE WITH THE DEPUTY ADMINISTRATOR'S MEMO OF JULY 16, 1974, WERE DEFERRED TO FY 76.

RESULTING ADJUSTMENTS IN FY 76 AND 5TH QUARTER GRANT BUDGETS WERE KEPT TO THE NECESSARY MINIMUM. THE MISSION HAS THE AUTHORITY TO ADJUST GRANT PROJECT AMOUNTS ONLY WITHIN FUNCTIONAL APPROPRIATION TOTALS. ADJUSTMENTS TO FUNCTIONAL APPROPRIATION TOTALS WILL NOT BE MADE AT THIS TIME, AND FOR FY 75 THERE IS NOT LIKELY TO BE ANY SIGNIFICANT CHANGE IN THE OYB DURING THE BALANCE OF THE YEAR. (FYI, CONGRESS NO LONGER RECOGNIZES THE DISTINCTION BETWEEN FORMAL AND INFORMAL NOTIFICATION, AND REQUIRES A NOTIFICATION ON ANY REPEAT ANY AMOUNT ABOVE THE ESTIMATED OBLIGATION LEVEL REPORTED IN THE C.P. LAST YEAR. WE ARE ATTEMPTING TO OBTAIN APPROPRIATION COMMITTEE AGREEMENT THAT THE OFFICIAL OYB TO BE PUBLISHED ON THE BASIS OF FY 75 FIGURES CONTAINED HEREIN WILL CONSTITUTE NOTIFICATION TO CONGRESS OF INCREASES IN AMOUNTS FROM THE FY 75 C.P. IF THIS EFFORT IS SUCCESSFUL, ANY FURTHER INCREASES REQUIRING NOTIFICATION ARE UNLIKELY TO BE APPROVED.)

5. GRANT FUNDS CONTROL NUMBERS (IN \$ THOUSANDS) FOR CHILE ARE:

SECTOR/PROJECT	FY 75	FY 76	5TH QUARTER
FOOD & NUTRITION T-	500	895	1,5
271-CHILD NUTRITION	250	150	40
280-COOP TECH. TRANS. -		200	35
279-RURAL DEVL. TRG. -		150	35
278-RURAL ENV. SAN. -		295	25
000-TECH. SUPT.	250	100	-

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EDUCATION & HUMAN

RESOURCE DEVL. T-	125	50	-
172-TRG. FOR DEVL.	125	50	-

SPECIAL DEVL.

PROBLEMS TOTAL-	155	50	10
187-SDA	50	50	10
000-TECH. SUPT.	105	-	-

TOTALS	780	995	185
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NB FY 75 TECH SUPPORT SDP FIGURE OF 105 INCLUDES 45 FOR TRANSFER OF SAN VICENTE PORT PIO/T.

6. LOAN FUNDS: THE LOAN BUDGET FOR LATIN AMERICA WAS

REDUCED BY OVER \$60 MILLION FOR FY 75. THE REVISED BUDGET
FOR THE FY 75 OYB AND THE FY 76 AND 5TH QUARTER REQUESTS
TO CONGRESS CONTAINS THE FOLLOWING LOANS FOR CHILE(IN
\$ MILLIONS):

FY 1975

AG. COOPS - 15.0; NUTRITION - 5.0; TOTAL FY 75 - 20.0

FY 1976

S.F. IRRIGATION - 7.0; AGRIC. CREDIT - 12.0; ARID LAND

MGT. - 2.0; TOTAL FY 76 - 21.0

FY 76 SHELF (NOT INCLUDED IN BUDGET REQUEST):

(AG. FIN. MGT. TRG. - 2.0)

5TH QUARTER - NONE. KISSINGER

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